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IN THE
Supreme Court of the United States
MAY TERM, 1947

RAYMOND DE FILIPPIS,

Petitioner,

VS.

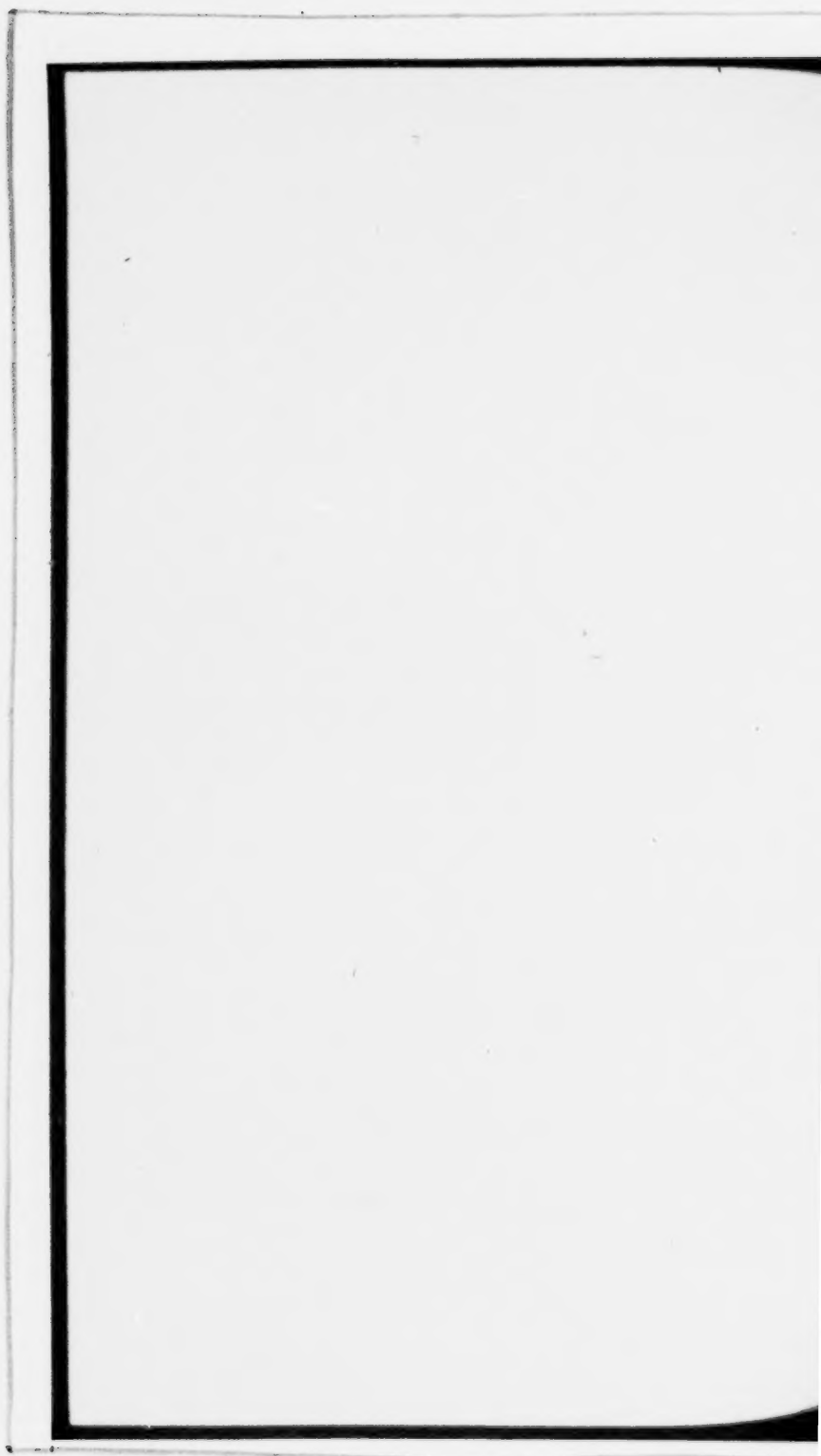
CHRYSLER CORPORATION, CHRYSLER SALES CORPORATION,
STUDEBAKER CORPORATION, STUDEBAKER SALES CORPORATION
OF AMERICA, NASH KELVINATOR CORPORATION,
BORG-WARNER CORPORATION and BORG-WARNER SERVICE
PARTS COMPANY,

Respondents.

**PETITION FOR WRIT OF CERTIORARI AND
BRIEF IN SUPPORT THEREOF**

WILLIAM J. RAPP,
Counsel for Petitioner.

SAMUEL HERSHENSTEIN,
of Counsel.



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IN THE
Supreme Court of the United States

RAYMOND DE FILIPPIS,
Petitioner,

against

CHRYSLER CORPORATION, CHRYSLER SALES
CORPORATION, STUDEBAKER CORPORATION,
STUDEBAKER SALES CORPORATION OF
AMERICA, NASH KELVINATOR CORPORA-
TION, BORG-WARNER CORPORATION and
BORG-WARNER SERVICE PARTS COMPANY,
Respondents.

PETITION FOR WRIT OF CERTIORARI

To the Honorable, the Chief Justice and Associate Justices
of the Supreme Court of the United States:

Your petitioner, Raymond de Filippis, prays that a writ of certiorari issue to the United States Circuit Court of Appeals for the Second Circuit to review the judgment of that Court in this cause filed on February 11th, 1947 (R. 397).

A certified transcript of the record in this case, including the proceedings in the Court of Appeals, is furnished herewith in compliance with Rule 38 of the Rules of this Court.

We believe, at this point, we should state to this court that the questions of fact in this suit are largely mechanical and scientific and the accused device, to quote the attorney for the respondent, "• • • is a very complicated device. It is not the simplest kind of thing in any way" (R. 257).

It is, therefore, not surprising that both the trial judge and the Judges of the Court of Appeals misconceived the devices in view of the exhibits and evidence, for lack of scientific or expert knowledge of the art involved (*Picard v. United Aircraft Corporation*¹).

Summary Statement of the Matter Involved.

This action arose as a suit for damages filed by the petitioner against the respondent by reason of the violation of a confidential disclosure by the petitioner to Warner Gear Company, a part of the respondent, Borg-Warner Corporation (R. 75). The complaint contains four causes of action; a violation of a confidential disclosure, breach of contract, fraud, conspiracy and unjust enrichment.

The petitioner, Raymond de Filippis, is a citizen of the United States and resides at 435 Rodney Street, in the County of Kings, City and State of New York. The respondent, Borg-Warner Corporation, is an Illinois Corporation, having its place of business at 310 South Michigan Avenue, Chicago, Illinois. The Warner Gear Company is a division of the Borg-Warner Corporation, and the names of the two may be used interchangeably (R. 75).

The respondent, Borg-Warner Corporation, a manufacturer of automobile parts appropriated a combination of elements and the functions thereof in a transmission device invented by the petitioner and disclosed to the said respondent on its invitation and in confidence, and manufactured hundreds of thousands of them.

Suit was instituted in March, 1940, in the Supreme Court, New York County, and it was removed by the respondent to the United States District Court for the Southern District of New York on the ground of diversity of citizenship.

¹ *Picard v. United Aircraft Corporation*, 128 F. (2d) 632, at page 639.

The complaint alleges four causes of action, among them, a claim that the respondent manufactured a device using the combination of requisite elements disclosed by the petitioner, and that the respondent had not manufactured a transmission using the suggestions and plans disclosed by the petitioner to the respondent prior to the petitioner's disclosure (R. 8-10); that after the disclosure, the respondent, Borg-Warner Corporation, manufactured a device using the invention of the petitioner (R. 10, 11).

Issue was joined in the United States District Court. The answer of the respondent was in the nature of a general denial and what appears to be a defense of *res adjudicata* by reason of a default of the petitioner in a patent suit against the Chrysler Sales Corporation, without the introduction of any evidence.

The respondent in its answer to the second amended complaint admitted the manufacture and sale of over 350,000 devices, which the petitioner claims used a combination of the requisite elements disclosed by him, and that the value of those devices was in excess of \$10,000,000.00. By reason of the use by the respondent of the petitioner's invention, he is entitled to a royalty of 7½% of the cost of the devices in accordance with his letter (Plaintiff's Exhibit 10).

The United States District Court for the Southern District of New York recognized that under the authorities, where an inventor between the date of his application for patent and its grant, discloses novel features of his invention to another in confidence and that other subsequently uses the information so disclosed to his advantage, he may be held liable to the inventor for damages under the theory of unjust enrichment, and that a patent was not requisite to such action (R. 364).

The district court, however, in February, 1944, dismissed the complaint and held, among other things, that

the petitioner's entire mechanism was anticipated by a patent granted to Rex E. Keller, bearing number 1,734,491 on November 5th, 1929, that the petitioner's device was not an "overdrive" and cannot under any circumstances operate the driven shaft at a greater speed than the drive shaft, that the petitioner had disclosed nothing of novelty or patentability to the respondent, that the respondent neither appropriated nor used anything disclosed to it by the petitioner and that there was no implied contract between the parties to charge the respondent with any liability (R. 356, *et seq.*).

On appeal, the United States Circuit Court of Appeals for the Second Circuit affirmed the decision of the District Court holding that the respondent used nothing which petitioner disclosed. The Court of Appeals erroneously held, however, that "No claim was made for the principle of overdrive. * * *" (R. 400).

The petitioner in April, 1929, devised a transmission and applied for a patent covering it.

The only witness called by the respondent was its chief engineer, Samuel O. White, who was the writer of the letters to Mr. De Filippis by reason of which Mr. De Filippis disclosed his invention.

In October, 1931, the respondent, Borg-Warner, through its wholly owned subsidiary, Warner Gear Company, invited petitioner in writing to disclose to it, his device in the form of drawings and descriptions (Exhibit 2). This the petitioner promptly did, relying upon said respondent's integrity and with the expectation that he would be compensated if his device were used, in whole or in part (Exhibits 3a, 3b, 3c). The said respondent retained for more than nine months and its engineers studied said descriptions and made copies of said drawing (Exhibits 5, 6, 7, 7a, 9, 11, 14). During that period, the parties were from time to time in communications by mail and negotiated for the licensing or sale of the device by petitioner to said

respondent (Exhibits 9, 10, 11, 12). The petitioner was forced to demand the return of his drawings and description, and on July 27th, 1932, the drawings and description were returned to him (Exhibits 13, 14).

Petitioner's invention is a device, which when installed as a transmission of an automobile, permits the shifting of speeds from a low speed, infinitely variable, to any ratio desired. This necessarily includes overdriving, and the Court of Appeals found that the petitioner's device was capable of overdriving (R. 393).

The device operates as follows: After the automobile is started in its lowest speed and the foot is then lifted from the accelerator or pedal for an instant the speed of the car caused the driven shaft of the automobile (that portion of the shaft connected to the rear wheel) to run faster than or to overrun the driving shaft (that portion of the shaft from the engine back to the transmission) which automatically causes a shift from the lowest to the next speed. The same operation will effect the necessary shifts from neutral through to the highest, a speed limited only by the desire of the designer. The transition from the lowest through the ultimate speed is made possible by the overrunning feature of plaintiff's device. At the ultimate speed the drive shaft becomes positively connected to the driven shaft in a nonoverrunning, fixed relationship. The reverse of the operation takes place by centripetal power when the car slows down.

The accused device, manufactured by the respondent, Borg-Warner, is designed to accomplish some but not all of the functions of petitioner's device. Whereas, petitioner's device enables a manual and an automatic shifting in all speeds, the accused device limits the automatic shifting from the penultimate to the ultimate speeds and back. The accused device by using the principles set forth in the petitioner's drawing (Exhibit 3b) and description (Exhibit 3c) adds an additional speed to those provided by the

standard transmission. The shift to the additional speed is accomplished automatically in the same fashion as the automatic shifting of speeds by the use of petitioner's device, to wit: When the car reaches a predetermined speed (about 40 miles per hour), the operator lifts his foot from the accelerator and the "Overdrive" transmission functions.

The accused device like that of the petitioner's employs the following combination of elements:

a. Overrunning or coasting, whereby the driven shaft is permitted or enabled to overrun or revolve at a speed greater than that of the drive shaft at all speeds except the ultimate.

b. Longitudinal shafts, which effect a connection of the driving and driven shafts at the ultimate speed.

c. The sliding of the shafts "either manually or in any other desired manner" (R. 312).

d. A means of enabling the driven shaft to be caused to rotate at a greater speed than the drive shaft (overdrive), (R. 393).

e. A positive non-overrunning connection of the drive and driven shafts in a fixed relationship at the ultimate speed.

Algernon R. Burnette, a mechanical engineer, with qualifying licenses in 43 states, was called as a witness for the petitioner at the trial. Mr. Burnette testified to having seen in operation, ten years before the trial, in the petitioner's possession, a device built in accordance with Exhibits 3b and 3c and which contained a governor to bring about the positive connection (R. 84-92), and that the accused device embodied the same principles as those described by the petitioner (R. 91). The examination of

Richard T. Graham before trial disclosed that Edward A. Gritzbaugh an attorney for the respondent, exhibited in the respondent's office to Mr. Graham a copy of the petitioner's drawing and made certain important admissions (R. 383-391).

Both the petitioner's and the accused devices use axially slidable shafts to effect the connection of the drive and driven shafts in fixed relation (R. 396).

Petitioner adduced testimony establishing that a device had been constructed by him Exhibit "18" for Identification, which employed a governor to slide the shafts automatically. The accused device for the same purpose employed weighted clutch dogs which were likewise designed to respond to centrifugal force (R. 91).

The petitioner's device employs means of automatically changing the relative speeds of a driving and driven shaft, means of automatically interconnecting the shafts in a fixed relationship at a certain time, and a further means of automatically disengaging the shafts, but all of the foregoing may be done manually.

With the exception of the speed governor, the accused device employs all of the elements disclosed by the petitioner to the respondent in Exhibits 3b and 3c which are (a) overruning, (b) longitudinal shafts, (c) the sliding of the shafts, (d) overdriving, (e) the positive non-overrunning connection of the drive and driven shafts.

Whether any of the foregoing functions are accomplished manually or automatically (such as by a centrifugal governor) does not detract from the petitioner's claim to novelty of the combination. And the respondent used that combination in the accused device.

The fact that the accused device is used in addition to the ordinary transmission of an automobile, whereas, the petitioner's device can be substituted for the conventional transmission, and the fact that the respondent's device

does not dispense with the customary foot control engine clutch of the petitioner's constitute immaterial differences. They in no way affect the stability of the petitioner's claim that the respondent in its device employs a combination of elements disclosed to it by the petitioner, which device the respondent had not marketed until 1934 (R. 248), and that was after the petitioner made his disclosure to the respondent.

The respondent uses the elements disclosed by the petitioner to it, for the purpose of adding the "over-drive", but to do this, it is necessary for the respondent to appropriate all of the necessary elements disclosed by the petitioner. They had not theretofore been used in combination.

The respondent adopted the petitioner's invention in part and limited the scope of its application in the accused device but the accused device uses the elements disclosed by the petitioner to the respondent and without using them, it could not operate.

The trial court held in part that the petitioner by failing to disclose to the respondent a governor, specifically to slide the shafts, thereby effecting a positive non-overrunning connection of the drive and driven shafts, was not protected, even though it was the sliding of the shafts and not the means for doing it, that was covered.

The description of this device furnished to the respondent (Exhibit 3c) pointed out that the drive and driven shafts could be connected either "manually, or in any other desired manner" and by this very wording petitioner covered every means of effecting the connection. The endeavor of this description was to give the respondent the broadest possible base upon which to evolve the method of operation required.

The use of a governor for the purpose in question, did not require inventive ingenuity but merely the application of skill by persons versed in the art. This was admitted

by respondent's chief engineer (R. 273-4). He testified that an arrangement, employing a governor, could be conceived from the petitioner's description and drawing. But it mattered not whether a governor was used, because it was the longitudinal sliding of the shaft that was appropriated however it was done.

The petitioner ingeniously used a governor to make a gradual change of the speed of the automobile from zero to overdriving (R. 243). The only practical way to bring about the positive connection of the shaft when it reached the maximum speed was by the use of a governor for that purpose (R. 107). Petitioner testified that some 10 years before the trial, i. e., in 1932, he built a working model of his device, which employed a governor to bring about the automatic interconnection of the drive and driven shafts at the ultimate speed (R. 126). Witnesses of unquestioned credibility and requisite technical capacity corroborated this testimony. Respondent's representative at that time examined the petitioner's machine in New York (R. 132). All of the foregoing is uncontradicted.

The Court of Appeals affirming the district court held that although the petitioner's description (Exhibit 3c) referring to the making of a positive non-overrunning connection, provided that it might be done "manually, or in any other desired manner" (R. 312) since a governor was not specifically mentioned as a means for accomplishing that purpose, that the petitioner was not protected.

The courts below overlooked the decision in this court in the case of *Smith v. Snow*,² wherein it was held that it was not necessary to embrace in the claims, or describe in the specifications all possible forms in which the claimed principle may be reduced to practice. Both courts, it would appear, overlooked the fact that the description, Exhibit

² *Smith v. Snow*, 294 U. S. 1, at page 11.

3c (R. 307), specifically states that the invention may be incorporated in different constructions.

The respondent, for its defense, relies upon the testimony of its chief engineer, Samuel O. White, its only witness.

The holding of the Court of Appeals (R. 395) that the respondent had manufactured a transmission containing three of the five elements disclosed by the petitioner, to wit: a sliding shaft, overrunning clutch and "manual lockout", "as early as 1930" is error for the following reasons. The "1930" device did not contain a sliding shaft. There is no testimony that it contained a sliding shaft. The drawing of the device, Exhibit "R" (R. 352), does not disclose a sliding shaft.

That part of the holding of the Court of Appeals (R. 395) that refers to a manual lockout differs materially from the element in the petitioner's and the accused devices that makes the positive and non-overrunning connection. While there was also a "manual lockout" in the petitioner's device, it referred to a locking out of the speed governor.

The witness White testified (R. 234) "the lockout for the free-wheel is considered only as an emergency control", whereas, the making of the positive non-overrunning connection in the petitioner's device is an integral part of his transmission. White again testified in connection with the "1930" free-wheeling device, that they could lockout the free-wheeling mechanism so that there would be no free-wheeling action (R. 264).

This so-called free-wheeling device had never been mentioned before the trial, nor was a physical exhibit produced at any time by the respondent, although it had physical exhibits for every other purpose. A copy of a drawing (R. 210) consisting of lines, letters and numbers but with no description showing its function, Exhibit "R", was the only thing offered to support the contention that the "1930"

free-wheeling device employed three of the five elements disclosed by the petitioner.

The respondent in its answer did not plead that it had already manufactured the accused device or any part of it, and the evidence established that the overdrive was not manufactured until February, 1934 (R. 248). It did not plead that the "1930" free-wheeling device anticipated the petitioner's device, or that it employed the elements of the petitioner's device. If the respondent had alleged in its answer that it manufactured the overdrive before petitioner's disclosure, proof would have been adduced to the contrary. The respondent did not plead that petitioner's device wasn't new, or that the "1930" device anticipated all or any part of petitioner's transmission. It denied that it used the elements disclosed by the petitioner, but the evidence conclusively shows that the elements disclosed by the petitioner, excepting the speed governor were used by the respondent in the accused device.

The Court of Appeals referring to the "1930" device, which may refer only to Exhibit "R" states (R. 395) that it disposed of three "elements", which in addition to the over-running feature and sliding shaft, includes the positive non-overrunning connection, but a reading of the opinion shows that it did not dispose of the positive non-overrunning element (R. 395). That locking out of the free-wheeling of the "1930" device does not perform the same function as the making of a positive non-overrunning connection in the petitioner's and the accused devices. That locking out operation in the "1930" device merely prevents the old and admittedly dangerous free-wheeling mechanism from operating (R. 234). It is really part of the conventional transmission.

The respondent, at no place contended, nor did the district court hold, that the "1930" free-wheeling device referred to by the Court of Appeals, plus the respondent's

additions, anticipated the petitioner's invention, and there is not a word of testimony, or evidence, to support such a holding in the district court.

Mr. White never would have written all of those letters to the petitioner over two years before the first overdrive was produced, if the petitioner's device was not novel to the respondent. Interested as he is in the result of the suit, not only because he was the respondent's employee, but also the writer of those letters to the petitioner (Exhibits 2, 5, 9, 11 and 14), and the letter to the assistant to the president of the respondent (Exhibit 7), his testimony should not be allowed to prevail against the course of conduct, evidenced by the letters, that was so utterly at variance with that testimony. Both courts must have relied on White's testimony for their decisions, since there was no other witness for the respondent and no evidence other than White's upon which the decision could have been based.

If the respondent, prior to the petitioner's disclosure, manufactured or knew of the combination of principles disclosed by the petitioner, it would not have written the letters to the petitioner. If the respondent had not discovered the overdrive feature of petitioner's device from his description, it would have rejected his transmission as soon as it read his drawing and description in 1931, and not nine months later.

Respondent asked the petitioner if he had his device installed in a car, and if he had a patent (Exhibit 6). Respondent stated that if it proved practical, they would be interested in its application for automobiles, and asked if he would sell or license it and asked for his terms (Exhibit 9). Respondent said, among other things, that something employing his "general principle might be worked out in a very satisfactory way" (Exhibit 11), and to Mr. Lyman, the assistant to the president, Mr. White stated that "There were some merits in the general scheme" (of the

petitioner's device) and that "instead of using ratchets, one way roller clutches could be used" (Exhibit 7, R. 319).

While there is no testimony establishing that the respondent, prior to the disclosure, manufactured a device embodying principles disclosed by the petitioner, the evidence contained in the letters and the conduct of the respondent at the trial would nullify such testimony.

The district court and the Court of Appeals overlooked the fact that White's evidence was that of an employee of the respondent and that he was deeply interested in seeing the respondent succeed in the case. "Interested as he is in the result of the suit, his own testimony cannot be allowed to prevail against a course of conduct, so utterly at variance with it" (*Atlantic Works v. Brady*,³).

On the trial, many defenses were raised. The respondent contended that the disclosure was not in confidence. This, neither the trial court nor the Court of Appeals sustained, probably on the authority of *Hoeltke v. C. M. Kemp Mfg. Co.*⁴.

The respondent, on the trial, interposed numerous patents claimed to be prior art. Apparently, they were not considered by either court, excepting the district court held specifically, that the Keller patent 1,734,491 dated November 5th, 1929, which patent conclusively shows it cannot overdrive, anticipated the petitioner's entire mechanism. This conflicts with the holding of the Court of Appeals, that the petitioner's device can overdrive (R. 393). It was shown by us that the Keller patent did not perform the functions of the petitioner's device or the accused device. The Court of Appeals made no mention of the Keller patent, or the defense that it anticipated the petitioner's entire mechanism. The issuing of the patent to the petitioner was prima facie evidence of novelty and

³ *Atlantic Works v. Brady*, 107 U. S. 192, at page 203.

⁴ *Hoeltke v. C. M. Kemp Mfg. Co.*, 80 Fed. (2d) 912, at page 923.

patentability, ergo, the Keller patent did not anticipate it (*Morgan v. Daniels*⁵).

The respondent contended that the petitioner's device was not novel, because the individual elements were old. The holding of the Court of Appeals to that effect, is based upon a misapprehension of the facts and the applicable law. This court has held that a new combination of known elements producing a new and useful result is novel and patentable. As in the case of *Loom Co. v. Higgins*⁶. The petitioner was the first to use his combination of elements and to bring it into notice. Before he disclosed it to the respondent in 1931, the respondent had never made the accused device (R. 155). The first experimental work on the accused device was done in 1933 (R. 248). The respondent, as in the case of *McEuen v. Kelley-Koett Mfg. Co.*⁷ with its years of experience had not discovered the petitioner's combination before his disclosure. The petitioner's drawing and description (Exhibit 3b and 3c) was the basis upon which the respondent constructed the accused device.

The question is not whether the individual elements of the petitioner's device were old but whether the combination disclosed to the respondent was novel, and there is no evidence that the petitioner's combination of elements were known before the petitioner's disclosure. The fact that the respondent's device was not manufactured until after the disclosure is striking evidence of the novelty of petitioner's device (*McEuen v. Kelley-Koett Mfg. Co., supra*).

The respondent offered no proof that this "1930" device embraced the overrunning, the sliding shaft and the positive non-overrunning connection, three of the elements of the petitioner's device. However, disregarding

⁵ *Morgan v. Daniels*, 153 U. S. 120, at page 122.

⁶ *Loom Co. v. Higgins*, 105 U. S. 580, at page 591.

⁷ *McEuen v. Kelley-Koett Mfg. Co.*, 34 Fed. Supp. 351.

Smith v. Snow (*supra*) the Court of Appeals in addition to holding erroneously that the "1930" device employed those three elements, also held that the respondent independently added a fourth element, a governor (R. 395-6). But this was not an element but only one *means* of moving the shaft and the description of the petitioner (Exhibit 3c) did not confine the movement to one means, it provided that the shaft could be moved in any desired manner (R. 312). The *movement* of the shaft itself in combination with the other elements was one of the elements disclosed in the description (Exhibit 3c) and *not* the means of moving it (R. 312). The Court of Appeals ignores the overdrive feature of petitioner's device in that particular holding.

Through its employees, the respondent applied for patents covering the overdrive and had them assigned to it (R. 162). These tactics of applying for patents are somewhat the same as those employed in the cases of *Allen-Qualley Co. v. Shellmar Products Co.*⁸ and *Goodyear Tire & Rubber Co. v. Marbon Corporation, et al.*⁹ One of the defendants in the latter case was George Borg, the Chairman of the Board of Directors of the respondent here, Borg-Warner. The courts in both of those cases held for the originator of the invention and against the transgressor.

As the court in the case of *Allen-Qualley Co. v. Shellmar Products Co.*¹⁰ held, the question is not one of contracts or of patents, but it is a question of the validity in equity of the acts of the respondent in inviting and receiving the disclosure in confidence by the petitioner and pending the making of contractual relationship, using such dis-

⁸ *Allen-Qualley Co. v. Shellmar Products Co.*, 31 Fed. (2d) 293, page 295.

⁹ *Goodyear Tire & Rubber Co. v. Marbon Corporation, et al.*, 30 Fed. Supp. 420.

¹⁰ *Allen-Qualley Co. v. Shellmar Products Co.*, 31 Fed. (2d) 293, page 296.

closure to its own advantage and to the detriment of the petitioner.

It was necessary for the district court to make the following findings or findings similar in effect in order for the respondent to succeed:

"9. Plaintiff disclosed nothing novel or patentable to defendant" (R. 372).

"10. Defendant neither appropriated nor used anything disclosed by plaintiff."

"15. Plaintiff's device is not an 'overdrive' and can not under any circumstances operate the driven shaft at a greater speed than the drive shaft" (R. 373).

"17. Plaintiff's entire mechanism was anticipated by the patent granted to Rex E. Keller, No. 1,734,491, on November 5, 1929."

"18. There is no implied contract between the parties to charge defendant with any liability."

The foregoing findings are not sustained for the following reasons.

Finding "9" may not be sustained because the patent office issued a patent to the petitioner which is *prima facie* evidence of novelty and patentability (*Morgan v. Daniels*,¹).

The accused device was not produced until 1934 (R. 155) and the respondent's letters, Exhibits "5" to "14", indicate that petitioner's device was novel to the respondent when he made his disclosure.

Finding "10" may not be sustained because the record clearly shows that the respondent used all of the elements disclosed by the petitioner in his description and drawing, excepting the governor automatically to control the speed of the car.

The dependable evidence in the record shows that the combination of elements disclosed by the petitioner was

¹ *Morgan v. Daniels*, 153 U. S. 120, at page 122.

novel to the respondent (*Hoeltke v. C. M. Kemp Mfg. Co.*,² *Shellmar Products Co. v. Allen-Qualley Co.*³).

Finding "15" may not be sustained because the Court of Appeals held that the petitioner's device is capable of achieving overdriving (R. 393).

The Court of Appeals, in its statement that no claim was made for the principle of overdriving, is in error. The complaint alleges that the respondent manufactured and sold a device using the ideas, inventions, suggestions and plans of the petitioner (R. 8, 11, 12, 13, 14 and 15), which included overdriving. Exhibit "1" (R. 301) and Exhibits "3b" and "3c" describe the principle of overdriving and the testimony of the respondent's chief engineer, White, indicates that he understood the principle correctly from the description when he testified "The disclosures showed * * * a variable speed mechanism going from a zero or neutral up through an infinite range of speeds, * * *" (R. 243) and also establishes that he understood from the description, that the petitioner's device could operate the driven shaft at a greater speed than the drive shaft, which is overdriving.

Finding "17" may not be sustained for the reason that the issuance to the petitioner of a patent established that petitioner's device was not anticipated by the Keller patent 1,734,491 (*Morgan v. Daniels, supra*).

Finding "17" may not be sustained for at least twelve other reasons which were disclosed and will be described in detail to this court.

Finding "17" may not under any circumstances be sustained because the Keller patent does not anticipate the petitioner's mechanism for the additional reason that the Keller patent does not provide for, or describe overdriving,

² *Hoeltke v. C. M. Kemp Mfg. Co.*, 80 Fed. (2d) 912, at page 919.

³ *Shellmar Products Co. v. Allen-Qualley Co.*, 87 Fed. (2d) 104, page 107.

and the petitioner's device is capable of overdriving (R. 393).

Finding "18" may not be sustained for the reason that the petitioner in reply to respondent's letter Exhibit "9" (R. 323) stated in Exhibit "10" the terms under which he would permit the respondent to manufacture his device. Thereafter, the respondent manufactured devices employing the necessary principles in the petitioner's invention and respondent thereupon became liable to the petitioner.

The Court of Appeals did not specifically affirm any finding of the lower court so its intent must be gathered from the following language in the decision:

"Both plaintiff's and the accused device have an overrunning feature, splined shafts axially slidable by means of a manual shifting fork, and both lock out the overrunning feature by this method. But defendant had manufactured a transmission containing not only sliding shafts and shift fork, but also an overrunning clutch, which was locked out manually, as early as 1930—more than a year before plaintiff made his 'disclosure'. Certainly plaintiff cannot be said to have disclosed to defendant a device which defendant was already manufacturing.

That disposes of the overrunning, the lock-out, the sliding shafts, and the positive connection—which are the first, second, and fourth elements appellant's brief asserts were appropriated * * *" (R. 395).

The foregoing language of the Court of Appeals must be considered as affirming all findings of the District Court, and those findings must fall for the reason that there is no credible evidence to sustain those necessary findings.

If the foregoing language is construed to sustain Findings Nos. 15 and 17, these particular findings are reversed specifically by the Court of Appeals when it held that the petitioner's device is capable of overdriving (R. 393). In

other words, the Court of Appeals has reversed these particular necessary findings of the District Court.

The transmission that the Court of Appeals states the respondent manufactured as early as "1930" is referred to in the record only at pages 208-210, 243, 262-265. There is no reference to it at any other place in the record excepting Exhibit "R" at page 252 introduced in evidence at page 210, which is the only device that the Court of Appeals could possibly be referring to. At no place, either in the testimony or in the drawing Exhibit "R", is there anything showing that this "1930 device" had a sliding shaft, nor did the respondent ever claim that this "1930 device" had a sliding shaft. The petitioner offers to produce one of these devices and prove that in it, there is no such thing as a sliding shaft.

If, as we say, that quoted language of the Court of Appeals is to be construed as affirming those findings, and if that language is based on a misapprehension or a misunderstanding of Exhibit "R", as we have heretofore pointed out, the whole basis of the decision of the Court of Appeals must fall.

If the Court of Appeals had not erroneously assumed, that the "1930 device" contained a sliding shaft, because there is no evidence to support that assumption, it would have held for the petitioner and reversed the lower court.

If the Court of Appeals had not erroneously assumed that the petitioner had made no claim for overdriving, it would have found for the petitioner and reversed the lower court.

If the Court of Appeals had not erroneously assumed that the use of a governor to slide the shaft was not covered by the petitioner's disclosure, which included (a) overrunning, (b) longitudinal shafts, (c) sliding of the shafts (in any manner possible), (d) overdriving, (e) the positive non-overrunning connection, it would have reversed

the lower court and found for the petitioner because the Court of Appeals, in effect, if not in fact, held that both the accused device and the petitioner's device employed those five elements.

Jurisdiction.

The jurisdiction of this Court is invoked under section 240 (a) of the Judicial Code as amended by the act of February 13, 1925, c. 229 (28 U. S. Code, Sec. 347).

The decree of the Circuit Court of Appeals for the Second Circuit, which petitioner seeks to have reviewed, was entered on February 11th, 1947 (R. 397).

Questions Presented.

1. May a party obtain in confidence the details of an invention, proceed to manufacture and market it in large quantities and although admitting it had never manufactured it before obtaining the specifications from the inventor, refuse to compensate the inventor for using his property?

2. May a party obtain in confidence the description of an invention consisting of at least five elements, proceed to manufacture the said invention and when sued, interpose the defense that a prior patent of another, anticipated the petitioner's device and then succeed by claiming that the respondent had manufactured a device prior to the petitioner's disclosure, although it employed only two of the five necessary elements disclosed by the petitioner, which five elements are necessary to permit the accused device to function?

3. May a manufacturer, who obtains in confidence the details of an invention, and manufactures and markets a machine embracing said invention, avoid compensating the inventor on the ground that it manufactured a machine

containing only some of the elements of the invention prior to the disclosure?

4. Is a party who discloses to another in confidence the details of his invention prior to the issuance of letters patent, so that anyone skilled in the art may construct said machine, protected in all possible forms in which the claimed principles may be reduced to practice?

5. Is an inventor entitled to all that his invention fairly covers even though its complete capacity is not fully set forth in its specification?

6. Is the petitioner entitled to recover from the respondent for the use in combination, of elements disclosed by him in confidence in drawings and a description of his device, which were not used by the respondent before the disclosure, if the respondent after the disclosure, manufactured devices using the combination of those principles so described in said drawing and description which accomplished the same result?

7. Should the testimony of an employee of a corporation, unsupported by any competent evidence, interested as he is in the result of the suit, prevail against a course of conduct by him so utterly at variance with the testimony of others against the written (his correspondence) and oral evidence to the contrary of the said witness' testimony?

8. Should this court accept the decision of the Second Circuit Court of Appeals, that the respondent's device was independently developed by the respondent, in the light of the respondent's conduct, in failing to mention the development of its device in its letters to the petitioner written two years before?

9. Is a specification describing an invention consisting of a new combination of old elements, producing a new and useful result, sufficient, if the principles be named, their mode of operation given, and the result pointed out, so that those skilled in the art may know the nature of the invention and what the parts are, which cooperate to do the work claimed for the invention?

10. Should Exhibit "R" (R. 353) a copy of a drawing consisting of lines and numbers, containing no description as to the function of the device, be competent evidence to establish that the respondent manufactured a device, containing, among other things, a sliding shaft, where there is no written or oral evidence to establish the existence of a sliding shaft in said alleged device? (The only place the "1930" transmission is referred to, at pages 208 to 210, inclusive, and pages 243, 262-265 of the testimony.)

11. May a party using a new combination of elements disclosed in confidence by the inventor, use them without compensating the inventor for using them, even though the individual principles are old in the art?

12. Is the lockout of the overrunning feature in the respondent's "1930" device by means of a manual shifting fork, the same principle and does it perform the same function as the positive non-overrunning connection in the respondent's device?

13. Did the respondent prove on the trial by competent evidence that as early as "1930", it manufactured a device that contained a sliding shaft?

14. Does the device containing the overrunning clutch, with manual lockout, which the respondent is alleged to have manufactured in "1930", employ the same principles

and obtain the same result as the positive non-overrunning connection in the petitioner's device?

15. Did the respondent manufacture in "1930" a transmission containing a sliding shaft, a positive non-overrunning connection, as well as overrunning and lockout of the overrunning feature?

16. Did the respondent's Exhibit "R" show a sliding shaft, or give any explanation as to the manner in which the various parts operate?

17. Did the respondent's Exhibit "R", show sliding shafts, a shift fork, an overrunning clutch, which was locked out manually?

18. May a corporation, through its employee, obtain in confidence from the inventor a description and drawing disclosing the details of a device and after negotiating for its purchase or license, thereafter manufacture the device without compensating the inventor for the use of his invention?

19. Did the course of conduct between the parties establish an implied agreement for payment for the use of petitioner's invention?

20. May a party escape the charge of infringement by contending that parts of the petitioner's invention are found in an old device and the balance of the other parts were added by the respondent making the accused device?

21. May a holding of a Circuit Court of Appeals different from the holding of the United States District Court, unsupported by testimony or evidence, be permitted to stand?

22. May a manufacturer, who obtains in confidence the description of an invention, and manufactures and markets a machine embracing said description, avoid compensating the inventor for using his invention on the ground that it had manufactured a different machine containing only some of the elements of the invention, prior to the disclosure?

23. May a holding of a Court of Appeals affirming a decision of the district court unsupported by and contrary to the evidence be permitted to stand?

24. Is the petitioner entitled to recover from the respondent for the use in combination, of principles disclosed by him in confidence in drawings and a description of his device, admitted in evidence, which combination was not used by the respondent before the disclosure, which the petitioner alleged in his complaint he disclosed to the respondent, if the respondent manufactured devices using the combination of those principles so described in said drawing and description which accomplished the same result?

25. Is the court entitled to construe the manufacture by the respondent of devices employing the principles disclosed by the petitioner to respondent as an acceptance of the terms of petitioner's offer set forth in Exhibits "10" and "12"?

26. Should this Court accept a holding necessary to the decision of the Second Circuit Court of Appeals, in the absence of evidence to support that holding, which is indispensable to the decision itself?

Reasons for Granting the Writ.

1. The foundation for the concurrent findings of the Second Circuit Court of Appeals material to the determina-

tion of the issues herein, should be examined by this court and after examination should be set aside.

a. This court is not bound to accept the conclusions of the lower courts as to facts. *De La Rama v. De La Rama*, 201 U. S. 309; 50 L. Ed. 768. (Examine, *U. S. v. Appalachian Power Co.*, 311 U. S. 377.)

b. This court may examine the foundation for the findings of fact numbers 9, 10, 12, 13, 15, 17 and 18. *Baumgartner v. U. S.*, 322 U. S. 665, at pages 670 and 671. (Examine, *Beyer v. Le Fevre*, 186 U. S. 114, at page 119.)

c. This court on an application for a writ of certiorari may pass on all questions passed on by the Court of Appeals though not raised or considered by the trial court. *Friend v. Talcott*, 228 U. S. 27.

d. The holding of the Second Circuit Court of Appeals to the effect that the respondent had manufactured a transmission in "1930" containing an overrunning clutch, sliding shafts and a positive non-overrunning connection, which was prior to the disclosure to the respondent by the petitioner of the elements constituting his device (R. 395) is not supported by any evidence credible or otherwise.

e. The holding by the Second Circuit Court of Appeals that no claim was made by the petitioner for the principle of overdrive is not supported by the evidence, because the petitioner in his complaint sues for use by the respondent of his invention (R. 8, 11, 12, 13, 14 and 15), the petitioner's drawing (R. 305) and description (R. 306, et seq.) provide for overdriving, among other things, and the testimony of the respondent's chief engineer White that "The

disclosures showed * * * a variable speed mechanism going from a zero or neutral up through an infinite range of speeds, * * *" (R. 243) also establishes that he understood from the description that petitioner's device could operate the driven shaft at a greater speed than the drive shaft, which is over-driving.

f. The holdings of the district court contained in Findings 9, 10, 12, 13, 15, 17 and 18 are contrary to the evidence.

2. The holding of the Second Circuit Court of Appeals is contrary to the decisions of this court more specifically set forth as follows:

a. The holding of the Second Circuit Court of Appeals is at variance with the decision of this Court in *Smith v. Snow*, 294 U. S. 1, at page 11, holding that it is not necessary to describe in the specifications all possible forms in which the claimed principle may be reduced to practice.

b. The holding of the Second Circuit Court of Appeals is contrary to the decision in *Loom Co. v. Higgins*, 105 U. S. 580, holding that a combination of old elements producing a new and useful result is novelty.

c. The holding of the Second Circuit Court of Appeals is in conflict with the decision in *Atlantic Works v. Brady*, 107 U. S. 192, in respect of the weight of the testimony of a person interested in the result such as was White, the chief engineer of, and the only witness for, the respondent.

d. The holding of the Circuit Court of Appeals is at variance with the opinion of this Court in *Diamond Rubber Co. v. Consolidated Tire Co.*, 220

U. S. 428, at page 435; "Knowledge after the event is always easy and problems once solved present no difficulties. * * *"

e. The holding of the Circuit Court of Appeals is squarely in conflict with the decision of *Hoeltke v. C. M. Kemp Mfg. Co.*, 80 Fed. (2d) 912, and particularly the opinion of Judge PARKER at page 928 holding, that a person who invites the disclosure of an invention and thereafter begins to manufacture articles embodying the principle of the disclosure, labors under a heavy burden when he seeks to justify his action on the ground of independent invention, and he ought to offer something of greater weight than the verbal testimony of interested witnesses. This is particularly true, in view of the fact, that White never mentioned the free-wheeling device in any of his letters to the petitioner and further, at page 928, Judge PARKER stated the defendant's explanation that his device was independently developed is one that we cannot accept in the light of his conduct, etc.

f. The decision of the Court of Appeals that no claim was made for the principle of overdriving is in conflict with the decision in this court *Diamond Rubber Co. v. Consolidated Tire Co.*, 220 U. S. 428, at page 435, in view of the allegations in the complaint (R. 8, 11, 12, 13, 14 and 15) alleging that the respondent appropriated the petitioner's invention described in Exhibit "1" (R. 301) and Exhibits "3b" and "3c" (R. 305) which described overdriving.

g. The holding of the Circuit Court of Appeals is inconsistent with the decision in the case of *Allen-Qualley Co. v. Shellmar Products Co.*, 31 Fed. (2d) 293, holding that the question is one of validity and

equity of the acts of the defendant in receiving in confidence a disclosure of the plaintiff's secrets and then after using the same, refusing to account to the plaintiff.

h. An inventor is entitled to all that his invention fairly covers, even though its complete capacity is not recited in the specification. *Diamond Rubber Co. v. Consolidated Tire Co.*, 220 U. S. 428, at page 435.

i. The holding in the Second Circuit Court of Appeals is in conflict with the holding of the Fourth Circuit Court of Appeals in the case of *Hoeltke v. C. M. Kemp Mfg. Co.*, 80 Fed. (2d) 912, at page 928, wherein, among other things, the court held that the defendant's explanation that its device was independently developed could not be accepted in the light of its conduct in failing to mention in its letters to the plaintiff, the development of its own device and in seeking to obtain a patent on a device embodying the idea of the plaintiff's invention which had been disclosed to it.

j. The holding in the Second Circuit Court of Appeals is in conflict with the holding in the Seventh Circuit Court of Appeals in the case of *Shellmar Products Co. v. Allen-Qualley Co.*, 87 Fed. (2d) 104, wherein the court held whether the subject matter is patentable or not, an inventor has an exclusive property right, which a Court of Chancery will protect, against one who in bad faith and breach of confidence undertakes to apply it to its own use.

k. The decision in the Second Circuit Court of Appeals is inconsistent with the decision in this court in the case of *Bates v. Coe*, 98 U. S. 51, page 58, wherein the Court held that where an invention is an entirety consisting of a combination of elements,

that the defendant cannot escape the charge of infringement by alleging that part of the entire thing is found in one prior patent and another part in another prior invention and still another in a third.

l. The decision in the Second Circuit Court of Appeals is in conflict with the decision in this court in the case of *Parks v. Booth*, 102 U. S. 96, which held that a specification describing an invention consisting merely of a new combination of old elements which produces a new and useful result is sufficient, if they be specifically named, their mode of operation given, and the result pointed out, so that those skilled in the art may know the nature of the invention and what the parts are which cooperate to do the work claimed for the invention.

m. The holding in the Second Circuit Court of Appeals is in conflict with the holding in the Fourth Circuit Court of Appeals in *Hoeltke v. C. M. Kemp Mfg. Co.*, 80 Fed. (2d) 912, that held at page 923, where in advance of the granting of a patent, an invention is disclosed to one who, in breach of the confidence thus imposed manufactures and sells articles embodying the invention, such person should be held liable for the profits and damages resulting therefrom not under the patent statutes, but, upon the principle that equity will not permit one to unjustly enrich himself at the expense of another. It also conflicts with the decision in the Seventh Circuit Court of Appeals in the case of *Booth v. Stutz Motor Car Co.*, 56 Fed. (2d) 962.

n. The decision in the Second Circuit Court of Appeals is in conflict with the decision of this court in the case of *Union Paper Bag Machine Co. v.*

Murphy, 97 U. S. 120, where the court held, that the court was not to judge about the similarities or differences by the names of things, but are to look at the machines and their elements in the light of what they do, what function they perform, how they perform it and to find that one thing is substantially the same as another if it performs substantially the same function in substantially the same way to obtain the same result. (Examine, *Sanitary Refrigerator Co. v. Winters*, 280 U. S. 30.)

3. The evidence established a confidential relationship between the parties, a disclosure of a novel invention, its appropriation and use by the respondent and an implied agreement for compensation by the respondent to the petitioner contrary to the holding of the district and circuit courts.

4. The holding of the Second Circuit Court of Appeals is an innovation unsupported by any decision in holding, in effect, that the petitioner makes no claim for a principle that was used by respondent although the complaint alleges the respondent manufactured and sold a device using the invention of the petitioner described in exhibits admitted in evidence, which included that principle, namely, over-driving.

5. The holding of the Second Circuit Court of Appeals is of far reaching consequence and importance in that it would confuse the several Circuit Courts of the United States in interpreting the prior decisions in this court in reference to the unauthorized use by a transgressor who appropriates part or all of novel invention.

6. The judgment of the district court and Second Circuit Court of Appeals should be reversed.

7. The relief prayed for in the district court should be granted without the necessity of a new trial.

WHEREFORE, your petitioner respectfully prays that a writ of certiorari be issued to the United States Circuit Court of Appeals for the Second Circuit to the end that this cause may be reviewed and determined by this court; that the judgment of the district court and the Court of Appeals for the Second Circuit be reversed; and that the petitioner have judgment in full according to his complaint and such other and further relief as may be proper.

RAYMOND DE FILIPPIS,
By WILLIAM J. RAPP,
Counsel for Petitioner.

Dated, New York 5, N. Y., May 5th, 1947.

BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

Opinion of Courts Below.

The opinion of the District Court for the Southern District of New York appears at page 356 of the Record and is reported in 53 Fed. Supp. 977. The opinion of the Circuit Court of Appeals for the Second Circuit (Circuit Judges SWAN, AUGUSTUS N. HAND and CLARK, written by Judge SWAN) appears at page 391 of the Record.

Jurisdiction.

The jurisdictional statement appears in the accompanying petition.

Statement of the Case.

The essential facts of the case are stated in the accompanying petition, to which the Court is respectfully referred.

Specifications of Error.

The Circuit Court of Appeals for the Second Circuit erred:

1. In holding that the petitioner disclosed a device which respondent was already manufacturing prior to said disclosure (R. 395).
2. In holding that the respondent used nothing which petitioner disclosed (R. 396).

3. In holding that the respondent as early as 1930 had manufactured a transmission containing sliding shafts, a shift fork and an overrunning clutch, which was locked out manually (R. 395).

4. In holding that the respondent as early as 1930 manufactured a device that contained sliding shafts (R. 395).

5. In sustaining the ruling of the district court which overruled the petitioner's objection to the reception of Exhibit "R" in evidence (R. 210, 396).

6. In holding that the petitioner made no claim for the principle of overdriving (R. 393).

7. In relying on the uncorroborated oral testimony of an interested witness (White), an employee of the respondent, against his own conduct, the written and oral evidence inconsistent with, and utterly at variance with the testimony relied on.

8. In failing to hold that the manufacture and sale by the respondent of the devices employing the petitioner's principles, is an acceptance of the petitioner's offer set forth in Exhibit "10" (R. 324).

9. In failing to hold that the respondent became indebted to the petitioner for using the petitioner's invention in manufacturing the overdrive.

10. In making a holding necessary to its decision, viz.—that the "1930" device had a sliding shaft, in the absence of evidence to support that holding.

11. In failing to hold that the respondent appropriated and used in the accused device the principles of petitioner's

invention, after his disclosure, and that, as a matter of law, the respondent is liable.

12. In failing to hold that the evidence having established a disclosure of novel invention, its appropriation and use by the respondent, an agreement for compensation was implied, contrary to the holding of the district court and Circuit Court of Appeals.

13. In affirming the district court in holding, in effect, that it was necessary for petitioner to specify all the means of moving the shaft number 31, carrying into effect the principles of the invention (R. 396).

14. In refusing to hold that, as matter of law, the description in Exhibits 3b and 3c concerning the lengthwise movement of the shaft number 31, was sufficient to protect the petitioner, regardless of the manner in which the movement was made, or the means of doing it.

15. In failing to hold that the lengthwise movement of the shaft was the element or the principle disclosed, and not the means for moving it.

16. In failing to hold that the combination of the principles described in Exhibits 3b and 3c was novel to the respondent.

17. In failing to hold that the respondent did not manufacture the accused devices employing the petitioner's principles, prior to the disclosure by the petitioner in October, 1931.

18. In failing to hold that the accused devices employ the principles disclosed by the petitioner in Exhibits 3b and 3c.

19. In affirming the district court's ruling dismissing the second and third causes of action.

20. In affirming Findings 9, 10 (R. 372), 13, 15, 17 and 18 (R. 373), and that part of Finding 12 (R. 372) that held the use of overrunning for the purpose set forth "was old".

21. In affirming the decision of the district court (R. 396) to the effect that instead of the petitioner saying, as he did in his description, that the movement of the shaft 31 may be manipulated manually or in any other desired manner if the movement was to be accomplished by a governor, the petitioner should have said so (R. 367).

22. In affirming the judgment of the district court dismissing petitioner's complaint (R. 396).

Summary of Argument.

The points of argument are the reasons relied on for the allowance of the writ at pages 24-31 of the petition.

Argument.

POINT I.

The foundation for the concurrent findings of the Second Circuit Court of Appeals material to the determination of the issues herein, should be examined by this Court and after examination should be set aside.

An examination of the evidence will show that the Court of Appeals misconceived the devices that the respondent manufactured, prior to the disclosure by the petitioner. It will show that the district court misunder-

stood the petitioner's device when it held it could not overdrive, because the Court of Appeals held that it could overdrive (R. 393). Such an examination will show that the Court of Appeals was mistaken in assuming or believing that the "1930 device" had a sliding shaft as there is no evidence to support such a holding.

This court has held on a number of occasions that it was its duty to examine the record and ascertain if the findings of the courts below are warranted by the testimony. If this court finds that the findings are not supported by the testimony, it will set aside the decision. *Beyer v. Le Fevre*, 186 U. S. 114, at page 119.

This court has held that it was not precluded even after the affirmance of findings of two courts below from determining whether the courts have correctly applied to the facts found, the proper legal tests. *U. S. v. Appalachian Power Co.*, 311 U. S. 377, at page 403.

In the case of *Baumgartner v. U. S.*, 322 U. S. 665, this court held that the findings concurred in by two lower courts did not relieve this court from examining the foundation for those findings in a particular case. Mr. Justice FRANKFURTER stated at page 670:

"That the concurrent findings of two lower courts are persuasive proof in support of their judgments is a rule of wisdom in judicial administration. In reaffirming its importance we mean to pay more than lip service. But the rule does not relieve us of the task of examining the foundation for findings in a particular case. * * *"

The holding of the Second Circuit Court of Appeals to the effect that the respondent manufactured a transmission in "1930" containing an overrunning clutch, sliding shafts and a positive non-overrunning connection (R. 395) is not supported by any evidence. There is no evidence that this "1930" device had a sliding shaft. We respectfully submit

that an examination by this court of the record (R. 208-210, 243, 262-265) will disclose that to be the fact. We believe, that under the decisions, this court is warranted in making an examination of the record, and we respectfully submit that upon substantiating our claim, this court should grant the writ applied for.

The holding of the Court of Appeals that the petitioner made no claim for the principle of overdrive is not supported by evidence. Burnette, the mechanical engineer, testified that the principles in the accused devices and the petitioner's device were the same (R. 91), and since the accused device admittedly overdrives, the petitioner's device overdrives. The witness Burnette testified that the petitioner's device can overdrive, and it does perform overdrive functions (R. 289).

The complaint and the Exhibits 3b and 3c claimed and described overdriving, respectively, and on the argument of the appeal a device was produced for the court, establishing conclusively the overdriving feature of the petitioner's device. The Reply Brief of the petitioner on the appeal set forth an elaborate explanation establishing the overdriving feature of the petitioner's device, and the lower court in Finding "15" held that the petitioner's device could not overdrive, which, in itself, indicated that the petitioner claimed overdrive functions for his device.

Further, the fact that the complaint alleged the respondent appropriated the principles of the petitioner's device and that it was established that the respondent's device did overdrive, we believe establishes conclusively that the petitioner claimed overdriving.

POINT II.

The holding of the Second Circuit Court of Appeals is contrary to the decisions of this Court.

The Court is respectfully referred to the second reason for granting the writ in support of this point. There are many cases set forth dealing with the situations which are present in this case.

The holdings by the lower courts in this case, we believe, sharply conflict with *Smith v. Snow*, 294 U. S. 1; *Loom Co. v. Higgins*, 105 U. S. 580; *Diamond Rubber Co. v. Consolidated Tire Co.*, 220 U. S. 428; *Bates v. Coe*, 98 U. S. 51, at page 58; *Parks v. Booth*, 102 U. S. 96; *Union Paper Bag Machine Co. v. Murphy*, 97 U. S. 120. If the holding is permitted to stand, it will affect certain propositions of law of long standing.

The holdings of the lower courts in this case conflict with *Shellmar Products Co. v. Allen-Qualley Co.*, 87 Fed. (2d) 104; *Hoeltke v. C. M. Kemp Mfg. Co.*, 80 Fed. (2d) 912, at page 923; *Booth v. Stutz Motor Car Co.*, 56 Fed. (2d) 962; *Sun Ray Gas Corp. v. Bellows-Claude Neon Co.*, 49 Fed. (2d) 886; *Claude Neon Lights v. E. Machlett & Son*, 27 Fed. 702; *Allen-Qualley Co. v. Shellmar Products Co.*, 31 Fed. (2d) 293, at page 296.

POINT III.

The evidence established a confidential relationship between the parties, a disclosure of a novel invention, its appropriation and use by the respondent and an implied agreement for compensation by the respondent to the petitioner contrary to the holding of the District Court and Court of Appeals.

The correspondence clearly shows that there was a confidential relationship between the parties. When the peti-

tioner, at the invitation of the respondent (R. 302), disclosed the principles of his device to the respondent (R. 303, 305, 306, et seq.) he did so, because the respondent was interested in the proposition and invited the disclosure, otherwise the respondent would not have seen the petitioner's specification and drawing until the patent was granted. After the disclosure by the petitioner, the chief engineer of the respondent, White, who surely was versed in the art, wrote to the petitioner,

"As indicated at the first of the letter, we should not be surprised if something employing your general principle might be worked out in a very satisfactory way, * * *" (R. 327).

The court in the case of *Hoeltke v. C. M. Kemp Mfg. Co.*, 80 Fed. (2d) 912, at page 923, we believe, clearly disposed of any question as to the confidential nature of the disclosure by the petitioner.

The correspondence shows (R. 323) that the respondent wanted to know what the petitioner's terms would be for permitting the use of his invention, and the petitioner communicated his terms to the respondent (R. 324). The next step was that the respondent manufactured the overdrive, and we respectfully submit that in doing so and in selling the devices, the respondent became liable to the petitioner in damages. *Hoeltke v. C. M. Kemp Mfg. Co.*, 80 Fed. (2d) 912, at 922.

It seems that the district court in its decision agreed with the proposition of law, that the petitioner would have been entitled to recover, if it had found that the petitioner had disclosed a novel device to the respondent and that the respondent thereafter used it. The reason for the holding of the district court against the petitioner was a misconception of the petitioner's device. It seems that if the district court had understood that the petitioner's device did overdrive, it would not have made Findings Numbers

"15" or "17" (R. 373) as the Keller patent is not an overdrive in any sense of the word.

It seems to us also, that if the Court of Appeals had understood the "1930 device" and had not confused that device, which it seems to have done, with Exhibits "P" and "Q" (R. 349, 351) which latter are two forms of the accused device, it would not have found that Exhibit "R", the "1930 device", had a sliding shaft. Consequently, it could not possibly have held that the petitioner had manufactured a device as early as "1930" containing three of the five requisite principles disclosed by the petitioner to the respondent. We believe, that the Court of Appeals, if it had not erred in this respect, would have reversed the district court.

POINT IV.

The holding of the Second Circuit Court of Appeals is an innovation unsupported by any decision in holding, in effect, that the petitioner makes no claim for a principle that was used by respondent although the complaint alleges the respondent manufactured and sold a device using the invention of the petitioner described in exhibits admitted in evidence, which included that principle, namely, "overdriving".

The essential facts of the case are stated in the accompanying petition, to which the Court is respectfully referred.

We desire to point out that in the complaint the petitioner alleges that he made certain disclosures to the respondent (R. 8, 11-15), and that the respondent used those disclosures. The petitioner sent a drawing and detailed description of his invention to the respondent. The respondent kept those for approximately nine months.

The drawing and description, Exhibits "3b" and "3c" described, among other things, "overdriving", that is, an arrangement whereby the driven shaft could be rotated at a greater speed than the drive shaft. The complaint alleged that the respondent used those principles necessary to construct the accused devices. The devices are given different names depending on the name of the automobile in which the device is installed (R. 14, 15).

The Court of Appeals held that the petitioner's device was capable of overdriving. The petitioner was entitled to claim everything that was included in the complaint, the drawing and description, "Exhibits "3b" and "3c". The foregoing demonstrates the error that the Court of Appeals fell into.

The petitioner in his complaint alleged that he sent a description and drawing of his invention to the respondent in the year 1931, and that the respondent used the principles of the petitioner's invention in manufacturing devices (R. 8-15). The trial of the case established that the accused devices were overdrives and it follows that the petitioner was claiming overdriving, since the respondent's device was an overdrive.

POINT V.

The holding of the Second Circuit Court of Appeals is of far reaching consequence and importance in that it would confuse the several Circuit Courts of the United States in interpreting the prior decisions in this Court.

The present decision is the first case to come to our attention holding, in effect, that an inventor must describe all possible forms that a claimed principle may be reduced to practice in order to be protected.

Sustaining the holding of the Court of Appeals might encourage wrongful acts on the part of those who sought to take unfair advantage of confidential disclosures. In addition to many other questions in this case, there is a question of the validity and equity of the acts of the respondent in receiving in confidence a disclosure of the petitioner's secrets upon the understanding that the petitioner would be compensated if the respondent used the information imparted by the petitioner.

The court in the case of *Allen-Qualley Co. v. Shellmar Products Co.*, 31 Fed. (2d) 293, at page 296, described the situation in most appropriate words.

Not only might the affirmance of the decisions of the courts below be construed as approving the actions on the part of the respondent in obtaining in confidence the details of petitioner's invention without payment, but, we believe, there would be widespread confusion and serious conflicts between the holdings of the several Circuit Courts of the United States.

CONCLUSION.

Wherefore, the petitioner earnestly prays that the petition for writ of certiorari be granted, the cause reviewed, and the decree of the Circuit Court of Appeals for the Second Circuit reversed.

Respectfully submitted,

WILLIAM J. RAPP,
Counsel for Petitioner.

PETITION

Return to Petitioner

**CARBIDE CORPORATION, CHEVROLET SALES CORPORATION,
STONEMARK CORPORATION, PETROLEUM LUBRICATING
OILS OF ALABAMA, NASS KAYAKASHI CORPORATION,
ECONOMY-WALKER CORPORATION and ECONOMY-WALKER
PAPER COMPANY,**

Respondents.

**PETITIONER'S REPLY BRIEF IN SUPPORT OF
PETITION FOR WRIT OF CERTIORARI**

**WILLIAM J. RAPP,
Counsel for Petitioner.**

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IN THE
Supreme Court of the United States
OCTOBER TERM, 1946.
No. 1338.

RAYMOND DE FILIPPIS,

Petitioner,

—against—

CHRYSLER CORPORATION, CHRYSLER SALES CORPORATION,
STUDEBAKER CORPORATION, STUDEBAKER SALES CORPORATION OF AMERICA, NASH KELVINATOR CORPORATION, BORG-WARNER CORPORATION and BORG-WARNER SERVICE PARTS COMPANY,

Respondents.

**PETITIONER'S REPLY BRIEF IN SUPPORT OF
PETITION FOR WRIT OF CERTIORARI.**

That the case presents substantial propositions of law, we believe, is ascertainable from a reading of the petition and brief submitted by the petitioner.

The statement at the bottom of page "1" and the top of page "2"* , to the effect, that a statement appearing in the appellant's brief in the Court of Appeals that there was no substantial dispute with respect to the applicable law, even if such statement were a part of the record of this Court, which we respectfully state is not the fact, certainly does not mean that there are no questions of law before this Court, as the petition and the brief in support of it, show.

* Refers to Respondent's Brief.

N. B. Borg-Warner in this case is defending for all respondents. It will, therefore, be referred to as "respondent" in the singular.

The attempt on the part of the respondent to establish that the district court was familiar with the devices of the petitioner and of the respondent, should fail. The district court held that the petitioner disclosed to the respondent, nothing novel or patentable. The issuance of a patent to the petitioner under the decision of ¹*Morgan v. Daniels* indicated that the district court was in error in that holding.

The district court held the petitioner's device was not an overdrive and could not, under any circumstances, operate the driven shaft at a greater speed than the drive shaft (R. 373). The Court of Appeals found and held that the petitioner's device *was* capable of overdriving (R. 393). The district court held that the petitioner's mechanism was anticipated by the patent granted to Rex E. Keller, No. 1,734,491 (R. 373). This holding is also contra to *Morgan v. Daniels, supra*. The Keller patent, Exhibit "N", made no claim to overdriving. In the Court of Appeals, we established twelve comparisons showing that the respondent's device was based on the petitioner's description and drawing, and that the Keller patent did not anticipate the petitioner's device. The Court of Appeals made no reference to the Keller patent in its decision.

The Court of Appeals in its decision showed that it did not quite understand the mechanical features of the "1930" free-wheeling device (R. 395), because Exhibit "R" (R. 352) that purports to be an assembly drawing, does not show either by word, number, letter or diagram, anything that resembles, even remotely, a sliding shaft, and the respondent at the bottom of page "7"* , although it describes the "1930" device

¹ *Morgan v. Daniels*, 153 U. S. 120, at page 122.

* Refers to Respondent's Brief.

in some detail, does *not* claim that this "1930" device had a sliding shaft or include a sliding shaft as one of its parts.

We must disagree with the contention of the respondent at page "2"* , that either the district court or the Court of Appeals understood the devices before them. The holding by the district court that the petitioner's device could not overdrive demonstrated conclusively that that Court did not understand the petitioner's device. The holding of the Court of Appeals that the "1930" device had a sliding shaft demonstrated that that Court did not understand the "1930" device, since the "1930" device had no sliding shaft as we have stated in our petition and particularly at page "19":

"* * * At no place, either in the testimony or in the drawing Exhibit 'R', is there anything showing that this '1930 device' had a sliding shaft, nor did the respondent ever claim that this '1930 device' had a sliding shaft. The petitioner offers to produce one of these devices and prove that in it, there is no such thing as a sliding shaft."

The failure on the part of the respondent in its reply to challenge that statement, as well as our offer to produce a "1930" device and establish to the satisfaction of this Court that it has no sliding shaft, we believe, is an admission by the respondent that our statement is correct, and that the "1930" device did not have a sliding shaft.

The respondent's contention at page "2"*,

"The evaluation of these facts does not and

* Refers to Respondent's Brief.

could not depend upon the deposition of any witness because such evaluation depends entirely upon documentary evidence and stipulated mechanical exhibits."

in itself, is sufficient to enable this Court to reverse the Court of Appeals, since Exhibit "R", the only basis for the decision of the Court of Appeals (R. 395) has no value to establish either the manufacture, the existence or the function of the "1930" device. There was no physical exhibit of the "1930" device in Court, nor apparently was it even considered by the district court, as there is no reference to the device in the opinion of the district court, nor is there any finding by the district court, in respect of the "1930" device.

The testimony referring to Exhibit "R" and the manufacture of the "1930" device is hearsay (R. 264). The respondent depends on a date on the drawing (Exhibit "R"), that anyone could have inserted at any time, for its claim that it manufactured this "1930" device at the time claimed by it.

There is no denial in the respondent's brief of the facts set forth in the petition at pages 10, 11, 12 and bottom of page 14 and page 15.

Respondent does not deny that the so-called "1930" device did not contain a sliding shaft. It does not point out where there is any evidence, either oral or in any exhibit, establishing that this device Exhibit "R" (R. 352) had a sliding shaft. The respondent does not deny that the manual lockout referred to by the Court of Appeals (R. 395), which was claimed to have been contained in the "1930" device, differed materially from that element in the petitioner's and the accused devices.

There is no claim by the respondent that it ever manufactured a device using petitioner's elements, *before* petitioner disclosed them to it.

The respondent does not deny that its sole witness, its employee, White, testified that the lockout for the free-wheel was only considered as an emergency control, whereas the making of the positive non-over-running connection in the petitioner's device was an integral part of his transmission.

The respondent does not deny that the so-called free-wheeling device (Exhibit "R"), had never been mentioned before the trial, and that there wasn't a physical exhibit of the "1930" device produced at any time by the respondent. It does not deny that the exhibit, upon which it depends entirely, in accordance with the statement in the third paragraph at page "2"* , consists "of lines, letters, and numbers but with no description showing its function, Exhibit 'R', was the only thing offered to support the contention" (which we maintain and clearly establish is erroneous) "that the '1930' free-wheeling device employed three of the five elements disclosed by the petitioner."

The respondent does not deny that, the "locking out of the free-wheeling of the '1930' device, does not perform the same function as the making of a positive non-overrunning connection in the petitioner's and the accused devices."

The respondent does not deny, that it "at no place contended nor did the district court hold, that the '1930' free-wheeling device referred to by the Court of Appeals, plus the respondent's additions, anticipated the petitioner's invention", and it does not

* Refers to Respondent's Brief.

deny that "there is not a word of testimony, or evidence, to support such a holding in the district court."

The respondent does not deny that the Keller patent, No. 1,734,491, Exhibit "N", cannot overdrive. The respondent does not deny that the holding of the Court of Appeals, to the effect, that the petitioner's device can overdrive, conflicts with the holding of the district court. The respondent does not deny that "there is no evidence that the petitioner's combination of elements were known before the petitioner's disclosure." The respondent does not deny that it "offered no proof that this '1930' device embraced the overrunning, the sliding shaft and the positive non-overrunning connection, three of the elements of the petitioner's device."

The respondent, although at page "8"* it discussed the point at length, it does not deny our claim on page "15" of the petition that "The *movement* of the shaft itself in combination with the other elements was one of the elements disclosed in the description (Exhibit 3c) and not the means of moving it (R. 312). The Court of Appeals ignores the overdrive feature of petitioner's device in that particular holding." The respondent does not deny that "Through its employees, the respondent applied for patents covering the overdrive and had them assigned to it."

Respondent contends erroneously, we did not claim overdriving in the Court of Appeals. It contends, therefore, that respondent, which received the petitioner's description and drawing disclosing overdriving, in confidence, was entitled to use the petitioner's invention without compensating petitioner. The respondent contends that it should be entitled to the benefit of a holding favorable to it, pertaining to that

* Refers to Respondent's Brief.

which it did not claim. It never claimed that the "1930" device anticipated petitioner's invention, either in any pleading, at the trial, or in the Court of Appeals. It contends that the petitioner should not be entitled to the benefit of a holding favorable to him (R. 393) that he *did* claim, namely, that petitioner's device does overdrive.

We respectfully submit that if there ever had been a claim by the respondent that the "1930" device anticipated the petitioner's device, or if it were a fact that the "1930" device anticipated the petitioner's device, or if it was claimed that the "1930" device had a sliding shaft in it, Mr. Gritzbaugh of the respondent, referred to in the deposition of Richard T. Graham (R. 382-390), certainly would have mentioned it to Mr. Graham at the time of the conversation, for he had the occasion to do so (R. 386).

Answer to the Respondent's Comments on Petitioner's Reasons for Granting the Writ.

The reasons set forth in the petition for granting the writ to which respondent's brief is directed are:

1. The foundation for the concurrent findings of the Second Circuit Court of Appeals material to the determination of the issues herein, should be examined by this court and after examination should be set aside.

2. The holding of the Second Circuit Court of Appeals is contrary to the decisions of this court.

3. The evidence established a confidential relationship between the parties, a disclosure of a novel invention, its appropriation and use by the

respondent and an implied agreement for compensation by the respondent to the petitioner contrary to the holding of the district and circuit courts.

4. The holding of the Second Circuit Court of Appeals is an innovation unsupported by any decision in holding, in effect, that the petitioner makes no claim for a principle that was used by respondent, although the complaint alleges the respondent manufactured and sold a device using the invention of the petitioner, described in exhibits admitted in evidence, which included that principle, namely, overdriving.

5. The holding of the Second Circuit Court of Appeals is of far reaching consequence and importance in that it would confuse the several Circuit Courts of the United States in interpreting the prior decisions in this court in reference to the unauthorized use by a transgressor who appropriates part or all of novel invention.

Reasons "6" and "7" are not referred to in the respondent's brief, excepting to describe them as general prayers for relief.

The respondent's brief superficially challenges those grounds.

1. The statement in respondent's brief with regard to reason "1" is inaccurate because the decisions of the two Courts below were not the same. This, we have demonstrated in the petition for the Writ of Certiorari. For instance, the district court held that the petitioner's device was not capable of overdriving (R. 373). The Court of Appeals held that the petitioner's device *was* capable of achieving

overdriving (R. 393). The district court made no reference whatsoever to the alleged "1930" free-wheeling device (R. 356 et seq.), and the Court of Appeals based its decision on the existence of the alleged "1930" free-wheeling device (R. 395) which the respondent never had contended, anticipated the petitioner's device.

2. The respondent cannot be serious in its contention with regard to reason "2", and, we believe, that pages "26" to "30" of the petition support that reason completely.

3. The respondent is in error in its contention with regard to reason "3", as we have established in substance, all the necessary elements to warrant this Court in granting the Writ.

4. The grounds directed to reason "4" in the respondent's brief appear to be confusing. However, nothing that the respondent might state can erase the fact that in the very first letter by the petitioner, Exhibit "1", he advised the respondent, in effect, that his device was capable of overdriving. The testimony by the respondent's chief engineer (R. 243), where he described the transmission disclosed by the petitioner "going from a zero speed or neutral up through an infinite range of speeds * * *", and the allegations in the complaint to the effect that the respondent makes use of the petitioner's transmission in the manufacture of transmissions, naming among others, the "automatic overdrive" specifically, amply supports the claim to overdriving. (Paragraph "Fiftieth" of the complaint, R. 13).

The statement in respondent's brief at page "4"*

"Reason 4, * * * The Court of Appeals * * * is stating *as a fact* that the description did not set forth or contemplate the principle of overdrive. Such a principle is not mentioned in the description (the only grounds upon which relief could be granted). * * *"

is erroneous on several counts. The Court of Appeals held that the petitioner's device could overdrive (R. 393).

Exhibit "3c" in the following words, in at least one place, described and contemplated overdriving.

"Generally described, the invention provides a power transmission * * * by which any desired speed reduction can be obtained over a suitable range. * * *" (R. 307).

The petitioner described his device also in the drawings, Exhibit 3b and Exhibits 1 and 3a. Overdriving, in itself, is merely a gearing up (R. 263), making the driving shaft revolve faster than the driven shaft.

5. The remarks in respondent's brief in respect of reason "5" completely ignore the existence of the case of *Morgan v. Daniels, supra*. The statements at page "5" in respect of reason "5" completely lose sight of the decisions set forth on pages 26 to 31, inclusive, of the petition, as well as the cases set forth in the brief in support of the petition for the Writ of Certiorari.

The Petitioner's Reasons are far from a request

* Refers to Respondent's Brief.

that the Court review the case for the "purpose of re-examining the correctness of the result." This is an application to this Court to examine the record and upon the Court finding there is no credible evidence to sustain the necessary findings, that it reverse the decisions of the lower courts.

However, the failure of the respondent to deny the statements referred to at pages 10, 11, 12, 14 and 15 of the petition, which are designated at pages 4, 5 and 6 of this Reply, we respectfully submit is an admission that those statements are true.

The failure of the respondent to point out any evidence that would establish that the "1930" device had a sliding shaft, we respectfully submit, constitutes an admission that it had no sliding shaft. An examination by this Court, we believe, will disclose that the indispensable findings of fact are without foundations and upon the ascertainment of the real facts, we submit, that this Court will apply the proper legal tests. Upon the completion of the investigation along this line, we believe this Court will determine that the findings are not supported by the testimony or the exhibits, or both together.

Answer to "Other Pertinent Comments on Petition and Brief."

1. The statement that the complaint was dismissed as to the defendants in the district court, other than Borg-Warner Corporation, in an unappealed from ruling we challenge, as the appeal was taken from all dispositions, unfavorable to the petitioner, made by the district court, there being no necessity to note any exception to the ruling of the Court.

2. The foregoing applies to the statement in paragraph "2" on page "5"*. We challenge the statement that the dismissal of the fraud and conspiracy causes of action is an unappealed from ruling.

3. We challenge the statement that the established facts have twice been held to prove that respondent's devices are not in any sense of the word an appropriation of petitioner's invention. The Court of Appeals in its ruling held that both the accused and petitioner's devices have an overrunning feature, longitudinal shaft, axially slidable, and a positive non-overrunning connection. The Court of Appeals, in substance, in holding that the petitioner's device was also capable of overdriving held, in effect, that the accused device did all that the petitioner's device did, excepting the automatic changing of the speeds.

4. The statement at page "6"*, that the description, which is Exhibit 3c (R. 306-314) was nothing more or less than a copy of a patent application is incorrect. There are paragraphs in Exhibit 3c that are not at all contained in the patent application, which a comparison will readily show. The description, Exhibit 3c, is broader than that which is contained in the specification in the patent itself, and the statement, therefore, that the patent is a measure of the invention contained in the description submitted, is without basis. Exhibit 3c differs from the patent application. For instance, the words in folio 920 of the record, which are part of Exhibit 3c,

"The advantages of the invention as here outlined are best realized when all of its features

* Refers to Respondent's Brief.

and instrumentalities are combined in one and the same structure, but, useful devices may be produced embodying less than the whole.

It will be obvious to those skilled in the art to which this invention appertains, that the same • may be incorporated in several different constructions. The accompanying drawing, therefore, is submitted merely as showing the preferred exemplification of the invention."

do not appear in the patent at all.

5. The statement, to the effect, that the petitioner unsuccessfully urged patent number 1,968,030 in respect of the same devices complained of here is quite inaccurate. At the time the patent suit was instituted there was only one device being manufactured by the respondent. The statement that the patent suit was defended by respondent, Borg-Warner, to the knowledge of the petitioner is misleading. The suit was started in 1937, and it was not until 1940, two years after the default of the petitioner, that the letter referred to in the respondent's brief and referred to at page 346 of the record, was received.

The statement, "Thus patent infringement has been adjudicated adversely to Petitioner, although, because of certain equities present, the case was dismissed and final judgment was entered without need for a trial", is misleading.

Neither the district court nor the Court of Appeals sustained the defense of *res judicata* referred to at page "6"* , which was before both Courts. This defense was based on a dismissal for default of the petitioner in a patent suit instituted in February, 1937, against the Chrysler Sales Corporation, alone.

* Refers to Respondent's Brief.

The case at bar was brought to recover damages based on the abuse by the respondent, of the confidential relationship existing between the parties, fraud, conspiracy and breach of contract. After negotiations in 1931 and 1932, between the petitioner and the respondent for the manufacture or purchase by the respondent of the petitioner's device were ended, the respondent, by its very actions, in violation of the obligation imposed upon it, made itself liable to the petitioner.

Not a single line of testimony was taken in the patent suit (R. 49). Not one exhibit was offered by either the petitioner or the Chrysler Sales Corporation, the defendant. Neither of the courts below, found any prior proceeding was *res judicata*, either as a fact or a matter of law. No issues were ever tried before the case at bar was tried.

That the patent suit may not be regarded as *res judicata* is established by the rule laid down in the cases of ²*Hughes v. United States*, ³*Smith v. McCool*, ⁴*Jones v. Gould*, ⁵*Pueblo De Taos v. Archuleta*.

There were four devices, manufactured by the respondent (R. 171). A different device was used in automobiles after the 1936 models were marketed (R. 173). The patent suit dealt with the first device used prior to the institution of that suit in 1937.

The complaint in the patent suit was verified in February, 1937 (R. 335), and was against the Chrysler Sales Corporation only. That suit covered the use of Exhibit "19". Exhibit "19" was not manufac-

² *Hughes v. United States*, 71 U. S. 232 (4 Wallace 232), page 238.

³ *Smith v. McCool*, 83 U. S. 560, page 561.

⁴ *Jones v. Gould*, No. 1, 145 App. Div. 271, page 275.

⁵ *Pueblo De Taos v. Archuleta*, 64 Fed. (2d) 807, page 812.

Exhibit "15" was not put into any car until after 1936. 1937 (R. 173), after the petitioner's complaint in the patent suit was verified.

The device complained of in the patent suit could not be the same device as Exhibit "15", which did not appear until after the New York patent suit was started in February, 1937 (R. 173).

The statement in paragraph "6" at page "6"* is inaccurate. The petitioner's device was also described in Exhibits "1" and "3a" and was described by the respondent's chief engineer (R. 243) when he stated "The disclosure showed * * * a variable speed mechanism going from a zero speed or neutral up through an infinite range of speeds. * * *"

The finding of the Court of Appeals that the petitioner's device was capable of overdriving (R. 393), completely nullifies the contention of the respondent that there was no thought of overdriving expressed by the petitioner.

Furthermore, in the complaint, the petitioner alleged that the respondent made use of the petitioner's invention. He named specifically the "Automatic Over-Drive" (R. 13, 15). Since the word *overdriving* contemplates the causing of the driven shaft to revolve at a greater speed than the drive shaft, as described at page "3"*, the contention of the respondent that there was no thought of *overdriving* on the part of the petitioner is without foundation.

A reading of paragraph "7", at page "6"*, indicates that the respondent has either failed to read or has misread the opinion in the case of *Diamond Rubber Co. v. Consolidated Tire Co.*, pages 435 and 436 of 220 U. S., in which the Court held that an

* Refers to Respondent's Brief.

inventor is entitled to all that his patent covers even if its complete capacity is not recited, and is unknown to him at the time the patent issued.

The statement at the bottom of page "6" and top of page "7"* that the petitioner contended before the Court of Appeals that "No claim is made for the principle of overdrive" is quite inaccurate. The petitioner necessarily makes claim for, and is entitled to everything his invention can achieve (*Diamond Rubber Co. v. Consolidated Tire Co., supra*).

In the petitioner's reply brief before the Court of Appeals, not only did the petitioner claim for the principle of overdrive, but in proof of that, established that the petitioner's device could overdrive and that the Keller patent, Exhibit "N", which respondent claimed anticipated petitioner's invention, could not overdrive, showing one of the twelve comparisons in which the petitioner's and the device of the accused differed from the Keller patent.

Further proof of the fact that the petitioner claimed overdriving is contained in the following quotation describing overdriving, from the petitioner's brief before the Court of Appeals:

"* * * When lever 17 moves toward pivot 27, the gear or leverage ratio decreases. When arm 17 moves toward link 13, the gear or leverage ratio increases, so that when the lever 17 nears 27, it is underdriving. When the lever 17 moves in the opposite direction towards link 13, as it nears link 13 it *overdrives*, meaning there will be more revolutions per minute of the driven shaft than the driving shaft." (Italics mine.)

"The foregoing description is condensed from

* Refers to Respondent's Brief.

the petitioner's disclosure to respondent, Plaintiff's Exhibit 3c, at folios 923, 924, 925, 926, 927, 936 and 937. Particular attention is directed to folio 927 stating that the ratio of the arms of the lever can be changed, *i. e.*, the gear ratio or power ratio equivalent."

In addition to the foregoing, the petitioner produced before the Court of Appeals, a physical model of that part of his device above described, and demonstrated conclusively to the Court that his device could overdrive. In the face of all of the foregoing, the respondent's contention that no claim was made for overdriving, may not be taken seriously.

Since the Court of Appeals found that both the petitioner's and the accused device have the over-running feature, the longitudinal shaft, means for sliding the shaft axially (manually, or in any other desired manner) and the positive non-overrunning connection (R. 395) and since the Court of Appeals held that the petitioner's device was capable of overdriving (R. 393) from the description, drawing and evidence, it would seem that the petitioner had established all the facts necessary to succeed.

Referring to the statement in paragraph "8", at page "7"* , we believe, that the Court of Appeals has established, in effect, that the respondent used all of the elements of the petitioner's invention that are necessary to enable it to manufacture the overdrive, even though that Court held, and we believe erroneously, that the respondent had manufactured a device employing only some of the principles of the petitioner's device before petitioner's disclosure.

The statement in paragraph "7", top of page "7"*

* Refers to Respondent's Brief.

to the effect that the petitioner contended that it made no claim for the principle of overdrive before the Court of Appeals is misleading, in view of the fact, that the petitioner actually produced part of the petitioner's device and showed that Court just exactly how it did accomplish overdriving.

Referring to the statement in paragraph "9", at page "7"* , we respectfully direct the Court's attention to the fact that the respondent has failed to show where in the record, there is anything to support the holding of the Court of Appeals that the "1930" device had a sliding shaft. The district court did not consider the "1930" device. We also direct the Court's attention to the fact that the respondent has failed to point out where in the record there is any credible evidence to support Findings "9", "10", "15", "17" and "18", and without those Findings the respondent must fail.

Significant is the fact that no reference is made in respondent's brief to page 19 of the petition.

As to the statements in paragraph "10", at page "7"* , the fact that the inventor obtained a patent, establishes *prima facie* evidence of novelty (¹*Morgan v. Daniels, supra*). We believe, that the evidence clearly showed and the Court of Appeals found, in effect, that the respondent used the petitioner's elements, namely, of (a.) overrunning, (b.) longitudinal shaft, (c.) sliding of the shaft, (d.) overdriving, (e.) the positive non-overrunning connection of the drive and driven shafts.

Referring to paragraph "11" at page "7"* , the decision of the Court of Appeals adverse to the petitioner, depends upon the finding of that Court, that

* Refers to Respondent's Brief.

the respondent manufactured the "1930" device, which the Court of Appeals held contained, among other things, "shafts axially slidable".

It is important to point out that even *now* the respondent does not claim that the "1930" device had a sliding shaft. The statement by the respondent, "Petitioner seems to question (at this late date) the fact that Respondent in 1930 manufactured a free-wheeling (overrunning) transmission having a manual lockout (or cutout) to direct connect the drive and driven shafts (sometimes called by Petitioner a 'positive non-overrunning connection')", is misleading. In neither the district court, nor in the Court of Appeals did the respondent contend that the "1930" device anticipated the petitioner's invention. The respondent did not produce, at any time, a physical exhibit of the "1930" device for the obvious reason that it does not contain a sliding shaft. It was not until now, *after* the Court of Appeals' "(at this late date)" decision that it was necessary to question the holding that the "1930" device, in part, anticipated the petitioner's invention, or was even manufactured by the respondent. It is significant, however, that in that whole sentence on page "7"* , the respondent does not contend that the "1930" device contained *a slidable shaft*. There is nothing in the exhibit (R. 352), that is competent to prove anything or that shows it contains a sliding shaft.

There is not one single word in Mr. White's testimony referred to at page "8"* and his is the only testimony dealing with the "1930" device that suggests, that the "1930" device had a sliding shaft.

There is no testimony whatsoever that the "1930" device had a sliding shaft and not a suggestion of

* Refers to Respondent's Brief.

such testimony or such evidence in the whole of the respondent's case. This was claimed in the petition at page 19, but it has not been denied by the respondent in its brief in opposition.

Referring to paragraph "12", at page "8"* , the respondent here attempts to by-pass all cases decided by this Court holding that a combination of old elements, producing a new and useful result is novelty (⁶*Loom Co. v. Higgins*, ⁷*Parks v. Booth*, ⁸*Bates v. Coe*).

The statement in paragraph "12" at page "8"* ,

"* * * Obviously Petitioner was not the first to connect drive and driven shafts together. This admittedly was done in the prior art free-wheeling devices (R. 352), as well as in many other prior art power transmission devices."

is valueless. It does not refer to a *sliding* shaft, which is one thing claimed for the petitioner's device and is not contained in the "1930" device; it does not refer to the combination of elements that is claimed for the petitioner's device; it does not say who admits that the petitioner was not the first to connect the drive and driven shafts together. There is nothing establishing that this was done "in the prior art free-wheeling devices", and there are neither words, description nor symbols in Exhibit "R" at page 352 of the record, that show or describe either the existence of a sliding shaft or the means to connect drive and driven shafts or anything else. We believe, that if there were a sliding shaft in Exhibit "R", Mr.

* Refers to Respondent's Brief.

⁶ *Loom Co. v. Higgins*, 105 U. S. 580.

⁷ *Parks v. Booth*, 102 U. S. 96.

⁸ *Bates v. Coe*, 98 U. S. 51, page 58.

White, the respondent's chief engineer and during whose testimony it was introduced in evidence, would have testified as to the sliding shaft and pointed it out. Mr. White, we believe, is not only an engineer but is also the inventor of this "1930" device.

The record shows that the accused device, the "overdrive", used those elements in the petitioner's device, namely, (a.) the overrunning, (b.) the longitudinal shaft, (c.) the sliding of the shaft, (d.) the means for accomplishing overdriving, (e.) the positive non-overrunning connection of the drive and driven shafts, necessary to manufacture the accused device. It appears from the record that the accused device was not manufactured by the respondent before the disclosure by the petitioner in October, 1931. The overdrive was not marketed until 1934 (R. 248). These uncontroverted facts we respectfully submit, under the cases cited in the petition and brief, merit the consideration of this Court. An investigation of the facts and law, we believe, will satisfy this Court that petitioner's application for a Writ of Certiorari should be granted.

The wide spread importance of the questions involved here we do not believe has been challenged successfully by the respondent.

From a reading of the record, the respondent's brief, the opinions of the two Courts and the proofs adduced by the petitioner, we come to the inescapable conclusions,

(a.) That the petitioner's invention was novel to the respondent (R. 301 to 328).

(b.) That the respondent had not manufactured the "overdrive", a device using the principles of the

petitioner's invention before 1931 (R. 248), when the petitioner sent to the respondent his description and drawings showing the operation of his device (R. 302).

(c.) That the respondent in its "overdrive" used the elements of the invention of the petitioner (R. 395).

(d.) That the respondent manufactured the overdrive, which is described as the "Cruise and Climb Transmission", "Automatic Over-Drive", "Automatic Overtake" and "Gas Saver Transmission" (R. 13 and 23) using the necessary elements of the petitioner's invention after he disclosed them to it.

(e.) That the said "overdrive" was marketed for the first time in February, 1934 (R. 248).

(f.) That the petitioner's mechanism is capable of overdriving (R. 393).

(g.) That the Keller Patent, No. 1,734,491, Exhibit "N", did not anticipate the petitioner's invention.

(h.) The respondent appropriated and used so much of the invention disclosed by the petitioner as was necessary to enable the "overdrive" to function.

(i.) That the "1930" device did not contain a sliding shaft and therefore it cannot be said to have anticipated the petitioner's device in any respect (R. 352, 208 to 210, 243, 262-265).

We believe, we can show that neither the district court nor the Court of Appeals understood the mechanical devices before them. The respondent's counsel admitted that its device was very complicated (R. 257).

The respondent's quotation and reference at page "5"* to the case of *Magnum Co. v. Coty*, 262 U. S. 160, is without merit. There the applications to this Court were for orders to suspend interlocutory decrees of the Circuit Court of Appeals pending applications for certiorari.

There are other reasons for granting the Writ, but since the material foundations for the findings in the lower Courts are absent, we respectfully submit that this Court should grant the Writ.

CONCLUSION.

The reasons for granting the Writ remain as stated in the petition, and petitioner prays that the Writ be granted.

Respectfully submitted,

WILLIAM J. RAPP,
Counsel for Petitioner.

* Refers to Respondent's Brief.

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CLERK

IN THE

Supreme Court of the United States

MAY TERM, A. D. 1947.

No. 1338

RAYMOND DE FILIPPIS,

Petitioner,

vs.

CHRYSLER CORPORATION, CHRYSLER SALES CORPORATION,
STUDEBAKER CORPORATION, STUDEBAKER SALES CORPORATION
OF AMERICA, NASH-KELVINATOR CORPORATION, BORG-WARNER
CORPORATION AND BORG-WARNER SERVICE PARTS COMPANY,

Respondents.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

✓ MAX W. ZABEL,

Counsel for Respondents.

✓ EDWARD C. GRITZBAUGH,
EDWARD U. DITHMAR,
Of Counsel.

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**RESPONDENT'S BRIEF IN OPPOSITION TO
PETITION FOR WRIT OF CERTIORARI.**

I. Petitioner Raises Only Questions of Fact.

As we read the petition for certiorari, Petitioner seemingly bases his contentions upon a plea that the *fact questions* of this cause be studied *de novo* by this Court.

In addition to his plea for re-examination of the fact questions, Petitioner sets forth a number of contentions based upon propositions of law, seemingly to suggest that the case presents substantial law questions. Respondent respectfully asserts the complete absence of any questions of law, and, to substantiate this contention, calls attention to the fact that Petitioner himself, on page one of his ap-

pellant's brief in the Court of Appeals¹ stated, "There is no substantial dispute with respect to the applicable law."

As apparent from its opinion (R. 356), the District Court fully recognized the right to recover under the various doctrines of confidential disclosure, unjust enrichment, implied contract and the like, but found that the *structures* involved were such that Petitioner's disclosure (in addition to representing nothing of novelty upon which relief could be granted) was not embodied in the Respondent's devices. In other words, the established facts as to the *structures* of the respective parties foreclosed possibility of recovery under the various doctrines above enumerated.

The quite elaborate opinion of the District Court (R. 356) shows complete familiarity with the rather complicated *mechanical* features here under consideration. The Court of Appeals opinion (R. 391) shows further study and understanding as to these mechanical features by discussing certain of them in even greater detail than did the District Court.

The evaluation of these facts does not and could not depend upon the deposition of any witness because such evaluation depends *entirely* upon documentary evidence and stipulated mechanical exhibits.

The fact questions here involved needed no evidence of witnesses except to explain the working of the exhibits in the first instance. These fact questions related solely to *mechanical* features apparent from the disclosure itself, the physical exhibits and pertinent prior art patents. No abstruse or hidden questions relating to chemistry, electricity, or the like are here involved, merely the mechanical

¹ Appellant's Court of Appeals brief has been included in the Transcript of Record served on Respondent with the Petition.

operation of parts before the Court, and disclosures in prior patents.

Two terms have been used extensively herein which, if not clearly defined at the outset, might possibly lead to confusion. These terms are "overrunning" and "overdriving" (Finding 8, R. 372).

The term *overrunning* is synonymous with free-wheeling, and it contemplates a connection between drive and driven shafts whereby, if the automobile is coasting, the driven shaft (connected to the rear wheels) is *permitted* to rotate faster than (overrun) the drive shaft (connected to the engine). When the car speed drops to correspond with engine speed, a driving relationship is established whereby the drive shaft drives the driven shaft and thus the automobile.

The term *overdriving* contemplates a connection between drive and driven shafts whereby the two shafts are connected together in such a manner (usually by gears) that the driven shaft is *driven* faster than the speed of the drive shaft. In Respondent's overdrive devices the driven shaft makes ten revolutions for every seven revolutions of the drive shaft (a 7:10 drive ratio).

II. Comments on Petitioner's "Reasons for Granting the Writ."

The "Reasons" appear on pages 24 through 31 of the Petition.

Reason 1 clearly bears out our contention that the plea is based primarily upon a request for reconsideration of the fact questions that have been presented, argued and determined in the two courts below.

Reason 2 does not warrant serious consideration because Petitioner is on record following the decision of the District

Court that "There is no substantial dispute with respect to the applicable law." The decision of the Court of Appeals affirming the District Court raises no questions of law that we can perceive to justify Petitioner's reversal of position in this respect.

Reason 3, like Reason 1, merely requests re-examination of the evidence to the end that the fact findings of the courts below will be set aside.

Reason 4, and other statements in the Petition to the effect that the Court of Appeals erred in stating that "No claim is made for the principle of overdrive," is, in our opinion, based upon a clear misinterpretation by Petitioner of the Court's language. Petitioner sees in the statement a question of pleading, and Reason 4 seems to be formulated accordingly. We see no basis for this interpretation. Quite obviously the Court of Appeals, following a careful and detailed study of the device described by Petitioner, is stating *as a fact* that the description did not set forth or contemplate the principle of overdrive. Such a principle is not mentioned in the description (the only grounds upon which relief could be granted). The "ultimate" drive relationship between the drive and driven shafts is termed in the description as a "direct connection," and that means the two shafts rotate at the same speed. The description states (R. 308, line 10), "From neutral, the (driven) shaft may be actuated for low speed or reverse or the shaft may be *direct connected* to the engine for *high speed* * * * ." (Emphasis ours). At another place (R. 312, second paragraph), the description states "For direct connection, the driven shaft 31 is moved toward the right, with parts in position III, in which the driven shaft is connected to a driving shaft 11a by any suitable clutch 48." Thus no speed beyond "direct connection," such as

overdrive, is contemplated by the disclosure (Finding 13, R. 373). That being true, how could the principle of overdrive possibly be the basis of a valid *claim*?

Reason 5 presupposes that the controlling facts determined by the courts below are in error, i. e. the findings that Petitioner's disclosure wholly lacked novelty (insofar as the features thereof that are here put in issue are concerned) and that the disclosure was not embodied in Respondent's devices. In the light of these definite findings of ultimate fact, there is complete harmony between the holding of the Court of Appeals and the prior decisions cited by Petitioner.

Reasons 6 and 7 are merely general prayers for relief. In a word, Petitioner's "Reasons" may be summarized as a request that the Court review this case for the mere purpose of re-examining the correctness of the result. Such is not the province of certiorari as we understand it. In the words of Chief Justice Taft, "The jurisdiction was not conferred upon this court merely to give the defeated party in the Circuit Court of Appeals another hearing," especially when such a hearing revolves around purely *mechanical fact questions*.

III. Other Pertinent Comments on Petition and Brief.

1. Referring to the caption, Borg-Warner Corporation is the *sole* Respondent herein. The complaint as to the other named defendants was dismissed at the trial (R. 176) in an unappealed from ruling.
2. Of the four causes of action enumerated by Petitioner on page 2, two of them, fraud and conspiracy, were dismissed at the trial (R. 180) in an unappealed from ruling.
3. As heretofore pointed out, the established facts have twice been held to prove that Respondent's devices are not

in any sense of the word an appropriation of Petitioner's "invention."

4. The description submitted in 1931 by Petitioner to Respondent (Exhibits 3b and 3c, R. 304-314) was nothing more nor less than a copy of a *patent application* filed by Petitioner in the United States Patent Office on June 11, 1929. The application matured into patent No. 1,968,030 on July 31, 1934. This patent presumably is a measure of any "invention" contained in the description submitted.

5. Petitioner has heretofore unsuccessfully urged said Patent No. 1,968,030 with respect to the *same* devices complained of here. The patent suit was defended by Respondent, Borg-Warner Corporation, to the knowledge of Petitioner (R. 346). *De Filippis v. Chrysler Sales Corporation*, 116 F. 2d 375 (two appeals) and 127 F. 2d 530. Thus patent infringement has been adjudicated adversely to Petitioner, although, because of certain equities present, the case was dismissed and final judgment was entered without need for a trial.

6. We do not agree with the description of Petitioner's device appearing on page 5 of the Petition. Petitioner's device is described in Exhibits 3b and 3c (R. 304-314), the submitted description. No later words of Petitioner or his counsel can possibly change the character of this device. There is absolutely no thought of overdriving expressed in that description.

7. The Court of Appeals (R. 392) concisely sets forth the *elements* Petitioner himself contends are present in his device and in the device of Respondent. They are four in number. Now, on page 6 of the Petition, Petitioner adds a *fifth* element to the original four. This fifth element deals with *overdriving*, the very thing the Court of Appeals had in mind when it said "No claim is made for the principle

of overdrive.” Basis for this statement by the Court of Appeals, in addition to the description itself, is Petitioner’s own contention before that Court. In this respect Petitioner now seems to have unwarrantedly changed his position.

8. Petitioner’s device is supposed to be a clutchless, gearless transmission (R. 135, 301, 306). Respondent’s device uses nothing but gears and clutches and the necessary shafts (R. 135, 349, 350, 354).

9. On pages 16, 17 and 18 Petitioner assails certain fact findings of the District Court. These facts, each supported by substantial evidence in the record, concisely demonstrate the groundless nature of Petitioner’s charges.

10. Pages 20 through 24 contain some twenty-six “Questions Presented.” We do not desire to prolong this reply by discussing each one individually. However, we would like to say that every one of these questions is based upon Petitioner’s unwillingness to accept the *facts* found by the courts below. Some of the questions presuppose the existence of facts different from those found, while other questions specifically challenge the accuracy of definite fact findings. These questions would be presented *only* if the facts established that Petitioner had submitted something (1) *possessing novelty* and (2) Respondent had *used* that something. For this reason we respectfully contend that these questions are not here in issue.

11. A great deal is said about the sufficiency of evidence in support of one statement found in the decision of the Court of Appeals. Petitioner seems to question (at this late date) the fact that Respondent in 1930 manufactured a free-wheeling (overrunning) transmission having a manual lockout (or cutout) to direct connect the drive and driven shafts (sometimes called by Petitioner a “positive non-

overrunning connection’’). In addition to the blueprint, Exhibit R (R. 352) and the testimony of Mr. White (R. 208-210), Petitioner himself admitted (R. 156, 157) at the trial that free-wheeling with a lockout was *prior art* to him. The District Court made such a finding (Finding 11, R. 372), and it has never before been questioned by Petitioner.

12. The *only element of novelty* contended for by Petitioner in behalf of his device is a *governor* adapted to actuate the prior art free-wheeling lockout and thus establish a “positive non-overrunning connection” between the drive and driven shafts (R. 157, 158). The description submitted shows no such governor. This fact was definitely found by both courts below (R. 367, 394). The absence of this one single alleged element of novelty was, among other equally decisive contentions, held by both courts to require dismissal of the complaint. As to this, Petitioner now (Petition, page 8) seems to acknowledge the obvious fact that such a governor was not comprehended in his description. He now seems to predicate his claim to novelty solely upon “the sliding of the shafts,” irrespective of the means shown to accomplish such sliding. And in the last full paragraph on page 8 Petitioner seems to advance the all-embracing contention that he “covered every means of effecting the connection” between a drive and driven shaft. Obviously Petitioner was not the first to connect drive and driven shafts together. This admittedly was done in the prior art free-wheeling devices (R. 352), as well as in many other prior art power transmission devices.

CONCLUSION.

It is therefore respectfully submitted that this case is not a proper one for review by certiorari in this Court, and that the petition for a writ of certiorari should be denied.

MAX W. ZABEL,

Counsel for Respondents.

EDWARD C. GRITZBAUGH,

EDWARD U. DITHMAR

Of Counsel.